



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE



September 8, 2021

Financial Institutions – Money Transmissions

During the 2021 session, the General Assembly passed [Senate Bill 219](#), which becomes effective on October 1, 2021, and amends Md. Code Ann., Financial Institutions (“FI”) § 12-401, *et. seq.*, to modernize the Maryland Money Transmission Act (“MMTA”) and to keep pace with significant changes in the money transmission industry. The Commissioner is supplementing the previously issued [regulatory guidance](#) regarding this new law.

Lowers Fees for Branches and “Self-Service Financial Kiosks” – Current law does not differentiate the cost for licensing a money transmitter’s main location from that of its branches or self-service financial kiosks. Currently, licensees must pay a \$2,000 fee for each individual branch and self-service financial kiosk. Under the new law, the fee schedule reduces the fee for a subsequent branch to \$1,000, and the fee for an automated self-service financial kiosk to \$500. **Please Note:** The Commissioner encourages licensees to review their current branch licenses prior to the annual NMLS renewal period. If an existing branch license applies to a self-service financial kiosk, that license may be allowed to expire, and an application for a new kiosk license may be submitted in its place. It is recommended that the new license application be submitted during the renewal period so that it will remain valid through 2022.

Clarifies Qualifications for Money Transmission License Applicants – The new law clarifies that applicants for licensure must satisfy the Commissioner that they maintain a certain “tangible” net worth, computed according to generally accepted accounting principles, of at least \$150,000, plus an additional net worth of \$10,000 for each additional branch location or authorized delegate, up to a maximum of \$500,000. **Please Note:** This requirement will be enforced for existing licensees during the upcoming 2022 renewal period.

Centralizes Reporting Requirements within the NMLS – Current law mandates the filing of semi-annual, call reports outside the NMLS. The new law requires licensees to file NMLS MSB Call Reports electronically through the NMLS. The first report under the new law will cover the third quarter of 2021, and will be due approximately 45 days thereafter. **Please Note:** Licensees should be prepared to submit this report timely. Licensees are also reminded that virtual currency is considered “monetary value” under the MMTA; therefore data on the transmission of virtual currency must be included in the Call Report, along with other forms of money transmission.

Revises Mandatory Penalties for Compliance Violations – Current law requires licensees to obtain OCFR approval prior to changing their approved place of business. If a licensee fails to timely notify OCFR of a location change, or makes the change without OCFR approval, in addition to any other

sanctions provide for under Maryland law, they are subject to a mandatory penalty of \$500 and cancellation of their license. The new law retains the fine, but eliminates the automatic loss of the license.

Increases Remittance Time for Prepaid Access – Current law requires authorized delegates to remit funds they receive for prepaid access within 48 hours after the next regular business day after receipt. The new law expands the timeframe to five (5) business days.

Please Note:

By law, a money transmission license covers only one location. Thus, each location (including self-service financial kiosks) must have a license. Licensees shall ensure that each of their Maryland locations are duly and properly licensed.

Similarly, licensees are reminded that they are required by statute to post a certain notice on their website(s) which informs consumers that the OCFR will accept questions and complaints from Maryland residents, and provides the OCFR's toll-free number. Under the new law, this notice is required to be included on any website or mobile application through which these services are offered – or on the outside of any self-service financial kiosk.

Contact:

For questions about this advisory, please contact Sabrina Brown, Director of Money Services and Consumer Credit Supervision by phone at (410) 230-6091 or by email at sabrina.brown@maryland.gov.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.

